

Message Text

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ACTION IO-14

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E.O. 11652: N/A

TAGS: FAO, EAGR, EAID

SUBJ: UN/FAO WORLD FOOD PROGRAM RESOURCES

1. SUMMARY: WFP EXECUTIVE DIRECTOR REQUESTED WASHINGTON BE ADVISED RE RECENT LETTERS SENT UN SYG AND UN RES REPS WITH REGARD IMPACT ON WFP OF CRITICAL SHORTAGE FOODSTUFFS AND RISING COSTS. CONDITIONS HAVE FORCED HALT FINAL SIGNATURE ADDITIONAL PROJECTS AND PROMPTED OVERALL POLICY STUDY PRIOR OCTOBER 3-9 MEETING IGC. COPIES LETTERS SENT DEPARTMENT AND USUN. END SUMMARY.

2. WFP EXECUTIVE DIRECTOR AQUINO HAS ASKED WASHINGTON BE INFORMED RE SEPARATE LETTERS HE SENT SYG WALDHEIM AND THE UN RES REPS ON SEPT. 3. COPIES FULL TEXTS POUCHED MILLS IO/AGR AND KITCHEN USUN. BOTH MESSAGES CONCERN SHORTAGE FOODSTUFFS, ESPECIALLY CEREAL BASED PRODUCTS, LIMITED DAIRY PRODUCTS AND UNPRECEDENTED COST INCREASES.

3. LETTER WALDHEIM NOTES THAT WHILE JUNE 1973 RESOURCE ESTIMATES FORESAW WFP BEING ABLE MEET EXISTING OBLIGATIONS TO END 1974 (940,000 MT FOODSTUFFS) AND UNDERTAKE NEW OBLIGATIONS AROUND 270,000 MT, THESE ANTICIPATED RESOURCES AT END AUGUST IN QUANTITATIVE TERMS WERE SHRUNK TO 490,000 MT OF ASSURED SUPPLIES WITH REASONABLE PROSPECT OF

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ADDITIONAL 165,000 MT. THUS, A EXISTING OBLIGATION NOW FO-

RESEEN DEFICIT OF 285,000 MT. MESSAGE EMPHASIZES THAT APRT FROM \$3.4 MILLION REMAINING UNCOMMITTED FROM 1973 EMERGENCY ALLOCATION AND STATUTORY SET ASIDE \$10 MILLION IN 1974, OBLIGATIONS MENTIONED CONTAIN NO OTHER PROVISION FOR EMERGENCIES AND NOTHING FOR NEW DEVELOPMENT PROJECTS THROUGH 1974. ADDITIONALLY, RES REPS HAVE BEEN ASKED POSTPONE SIGNATURE ALREADY APPROVED PROJECTS AND EXECUTIVE DIRECTOR PREPARING ALTERNATIVE PROPOSALS FOR IGC (OCT. 3-9) IN ORDER GAIN MAXIMUM BENEFIT FROM LIMITED RESOURCES.

4. IN LETTER RES REPS, AQUINO NOTES U.S. JULY 1 TEMPORARY HALT PL 480 PROCUREMENT AND FACT THAT, EVEN IF PROCUREMENT REACTIVATED SEPTEMBER, DELIVERIES CANNOT BE EXPECTED PRIOR FIRST QUARTER 1974. ANTICIPATES LEVEL OF PROCUREMENT FIRST HALF 1974 WILL NOT APPROACH RATE PRIOR TO FINAL QUARTER FY 1972-73. EVEN IF U.S. ABLE DELIVER SAME COMMODITIES, IN DOLLAR VALUE, AS IN 1972, THIS WOULD BE ABOUT 38 PERCENT REDUCTION IN QUANTITATIVE TERMS AS RESULT 1973 PRICE INCREASES. IMPACT CRITICAL BECAUSE 40 PERCENT COMMODITIES AND BULK CEREALS, VEG OIL AND CEREAL-BASED PRODUCTS COME FROM U.S. WORLDWIDE PRICE INCREASES ALSO HAVE REDUCED QUANTITIES AVAILABLE FROM OTHER DONORS AND THROUGH CASH PURCHASES. CITES TRANSPORTATION COST LIMITATIONS ON USING AVAILABLE FAC CEREALS WORLDWIDE BASIS. RES REPS LETTER THEN COVERS POSTPONEMENT SIGNATURE ON ADDITIONAL PROJECT AGREEMENTS AND ASSURES FULLEST REVIEW BEFORE AND DURING IGC.VOLPE

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